

# Community Choice Aggregation: An End Run Approach to Green Power

Dr. Jan Hamrin

President

Center for Resource Solutions

[www.resource-solutions.org](http://www.resource-solutions.org)

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# Outline of Presentation

- Introduction to CCA
- Strategies for Greening the System
- Barriers to Community Aggregation
- The role of RE Marketers
- How CCA affect Utilities

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# What is Community Choice Aggregation (CCA)?

- Policy tool that allows local government to:
  - Aggregate electricity load
  - Provide energy services
  - Not municipalization

[Sometimes called “Muni lite”]

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# How does a CCA work?

- CCA customers are acquired on an “opt-out” basis
- Local Government procures electric power for CCA customers
- Local utility still owns poles & wires
  - Provides T/D & billing services to CCA for a fee

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# Where has it been used?

- Three states have passed laws that allow CCAs:
  - Massachusetts
  - Ohio
  - California

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# What is the motivation for CCA?

- Mass. and Ohio: Price competition for small customers
  - Mass: Barnstable County
  - Ohio: Northeast Ohio Public Energy Council
- Local accountability

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# Other Motivation for CCA:

- Faster greening of power sector
  - At no greater cost, on average than power from default utility
  - Consider up to 50% RE
- Increased Greenhouse Gas reductions in utility systems that use more fossil fuel
- Boost local economic development opportunities

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# Other CA Motivators

- Price stability: Hedge against natural gas price volatility
  - Very important for C/I customers
- Allows Communities to do more aggressive DG promotion
  - On bill promotion
  - Financing
  - Tailored programs
- Local funding of projects

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# Examples of Greening the Mix through CCA

- MA – Cape Light Compact:
  - EE
  - Green Pricing
  - First RPS compliant utility
- Ohio – NOPEC:
  - Cleaner mix using NG
  - 26 kw solar array
  - Support Solar Schools Program

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# Examples of Greening (cont.)

- Northern CA communities:
  - 40 to 50% renewables
  - Revenue Bonds to fund projects
  - More aggressive DG programs
  - Can fully integrate with EE programs
  - Flexibility – Green Pricing Program

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# Have any CCAs been implemented yet in California?

- No, but several communities are looking into the concept:
  - In northern CA: Berkeley, Emeryville, Oakland, Pleasanton, Richmond, San Francisco and Vallejo.
  - In southern CA: Chula Vista, Beverly Hills, Los Angeles County and Santa Monica

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# What are the issues?

- Exit fees – Initially puts local government at a disadvantage
- Complexity of CCA analysis & implementation
  - Evaluate costs & benefits
  - Form JPA
  - Issue RFP
  - Issue Revenue Bonds (if desired)
  - Regulatory uncertainty (no CPUC rules yet)

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# Metrics for Success

- Number of customers served
- Ability to attract good supply contract/projects
- Avoided tons of CO<sub>2</sub> or other environmental benefits

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# Metrics for Success (cont.)

- Cost to customers compared to standard service
- Ability to deliver real environmental benefits beyond what the default utility would provide
- Deliver other energy services at same or lower cost than default utility

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# Role for RE Marketers

- Different models may emerge:
  - Marketers bid to provide basic supply services
  - Developers may bid to provide contracts
  - Companies may bid to provide DG services to CCA customers
  - Models still evolving

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# How CCA Affect Utilities

- Depends on how utility rates are structured
  - Can earn return on T/D services
  - Can charge for billing & customer services
- Depends upon competition –
  - CCA better for utility than “municipalization”



# References:

- “Regulators Handbook on Green Tariffs” – [www.resource-solutions.org](http://www.resource-solutions.org)
- Jan Hamrin – [jhamrin@resource-solutions.org](mailto:jhamrin@resource-solutions.org)
- Tammy Turkenton -- Ohio Public Utilities Commission -- 614/995-7096
- Barnstable County/Cape Cod & Martha's Vineyard (Cape Light Compact) – Maggie Downey, 508/375-6636
- CA -- Navigant – John Dalessi 916/631-3200

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